



MICHIGAN HOUSING COUNCIL

124 West Allegan Street • Suite 1900 • Lansing, MI 48933
Phone 517-487-9360 • Fax 517-484-4442

July 11, 2007

Mr. Michael R. DeVos, Executive Director
Michigan State Housing Development Authority
735 E. Michigan Avenue
Lansing MI 48909

Re: Fall 2007 LIHTC Funding Round

Dear Michael:

Members of the Michigan Housing Council (MHC) listened with keen interest yesterday to your remarks regarding the timing for a new Qualified Allocation Plan (QAP) and the next tax credit funding round and were deeply disappointed to learn of your decision that a second tax credit funding round will not be held this year and that any future funding rounds will be postponed until the new QAP is adopted. Unfortunately, given the timetable for the new QAP outlined by you and your staff, it is unlikely that any tax credit funding round will take place until the spring of 2008.

Until now, MSHDA has always conducted two tax credit funding rounds in each calendar year to accommodate the complexities of the development process and in recognition of the substantial upfront costs associated with a tax credit application. MHC members and other affordable housing professionals strongly support a second funding round in 2007, on or around October 15th during MSHDA's informational hearings, and at our July 10th meeting, the MHC Board unanimously approved a resolution stating its strong opposition to canceling or delaying any tax credit funding round until a new QAP has been adopted. As the state allocating agency, MSHDA has controlled the timing of the current discussions regarding the QAP and has, for whatever reasons, chosen to delay consideration of a new QAP for nearly 15 months. These delays should not now be used to justify canceling or delaying tax credits rounds. Additionally, even if work on the new QAP is expedited, the industry will need at least 9 months to find sites and financial models for projects that will qualify under the significant changes that you have indicated are forthcoming.

Further, the importance of the tax credit funding rounds to Michigan and the Michigan economy cannot be underestimated. The Joint Center for Housing Studies of Harvard University has estimated that the production of tax credit units accounts for nearly 26

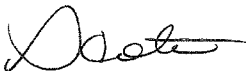
percent of all new housing units in the Midwest. Given the current economic climate in our state, we believe that the production of tax credit units in Michigan exceeds the Harvard estimate and that canceling or delaying funding rounds will have a profoundly negative affect on the Michigan economy into the foreseeable future.

Simply stated, we believe the decisions to cancel the fall 2007 funding round and postpone any future funding round until the adoption of the next QAP are wrong. Such decisions are not based on good public policy and conflict with Governor Granholm's stated objective to use public funds to spur the Michigan economy. Such decisions do not give proper weight to the burden that will be borne by the many tax credit applicants who must now absorb needless carrying costs during the next twelve months or the loss of jobs in the development community and those businesses that provide services during this void in tax credit development and construction activity. Such decisions do not promote the economic interests of the state of Michigan or its citizens at a time when our state desperately needs jobs and good economic news. Finally, in our opinion, such decisions run counter to MSHDA's statutorily mandated public purpose to create jobs and energize the Michigan economy (*MCL 125.1401(5)*).

We see no public good coming from a decision to cancel a second funding round in 2007 and, as a result, delay the economic benefits of the LIHTC program, which could generate as much as four hundred million dollars (\$400,000,000) for a significant part of the Michigan economy. We ask that you reconsider this decision and immediately schedule an application round for not later than October 15th, per the existing Qualified Allocation Plan.

We are prepared to meet with you privately, or in any other forum that may be open to us, to discuss this matter further and do what is good for the people of Michigan.

Sincerely,



Scott Larry
President